

LOUISIANA TECH UNIVERSITY
ALUMNI ASSOCIATION, INC.

FINANCIAL REPORT
JUNE 30, 1999

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
FINANCIAL REPORT
For the Year Ended June 30, 1999

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DON M. McGEHEE
A Professional Accounting Corporation
P.O. Box 1344
808 North Street
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Louisiana Tech University Alumni Association, Inc.
P.O. Box 2483
Ruston, Louisiana 71273

I have audited the accompanying balance sheets of Louisiana Tech University Alumni Association as of June 30, 1995 and June 30, 1996, and the related statements of support and revenue, expenses and changes in fund balance and of cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Tech University Alumni Association, Inc. at June 30, 1995 and June 30, 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Don M. McGehee
Certified Public Accountant

October 9, 1996

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

BALANCE SHEETS

June 30, 1999 and June 30, 1998

| ASSETS | 1999 | 1998 |
|---|------------------|-------------------|
| Current Assets | | |
| Cash | \$ 52,043 | \$ 150,134 |
| Interest Receivable | 1,489 | 0 |
| Prepaid Expenses | 3,702 | 200 |
| Total Current Assets | 57,234 | 150,334 |
| Equipment - Net of Accumulated Depreciation | 33,082 | 15,000 |
| TOTAL ASSETS | \$ 90,316 | \$ 165,334 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 0 | \$ 2,000 |
| Current Maturities of Long-Term Debt | 7,337 | 6,145 |
| Accrued Interest | 67 | 69 |
| Deferred Revenue | 42,452 | 41,547 |
| Due to Related Party | 170 | 0 |
| Total Current Liabilities | 50,026 | 50,161 |
| Long-Term Debt | 17,292 | 9,168 |
| TOTAL LIABILITIES | 67,318 | 59,329 |
| FUND BALANCE | | |
| Unrestricted and Undesignated | 23,008 | 61,297 |
| TOTAL FUND BALANCE | 23,008 | 61,297 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 90,326 | \$ 120,626 |

The accompanying notes are an integral part of this statement.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
STATEMENTS OF SUPPORT AND REVENUE,
EXPENSES AND CHANGES IN FUND BALANCE
 For the Years Ended June 30, 1996 and June 30, 1995

| | <u>1996</u> | <u>1995</u> |
|--|------------------|------------------|
| SUPPORT AND REVENUE | | |
| Membership Dues | \$ 111,010 | \$ 125,440 |
| Alumni Activities and Events | 20,224 | 20,614 |
| Contributions for Scholarships | 626 | 1,310 |
| Gain on Sale of Asset | 3,919 | 0 |
| Interest Income | 3,608 | 2,177 |
| Other Income | 1,224 | 564 |
| Royalties | 6,279 | 1,513 |
| Merchandise and Catalog Sales | 1,076 | 15 |
| Tech Book Sales | 0 | 112 |
| Total Support and Revenue | <u>157,256</u> | <u>203,145</u> |
| EXPENSES | | |
| Program Services | | |
| Alumni Activities and Events | 62,660 | 61,579 |
| Alumni House Expansion | 28,000 | 0 |
| Alumni News | 12,000 | 6,662 |
| Library Fund | 2,000 | 2,000 |
| Quest for Quality Fund | 5,000 | 5,000 |
| Scholarships | 12,000 | 12,000 |
| Student Activity Promotions | 3,425 | 4,011 |
| University Promotions | 0 | 2,411 |
| Supporting Services | | |
| Administrative Expenses | | |
| Accounting | 3,166 | 7,147 |
| Conferences | 37 | 2,226 |
| Office Supplies | 3,637 | 308 |
| Other | 309 | 0 |
| Postage | 475 | 1,032 |
| Telephone | 200 | 797 |
| Alumni Promotions and Souvenirs | 4,822 | 21,210 |
| Membership Mail Out | 15,945 | 19,108 |
| Cost of Merchandise and Catalog Sales | 3,719 | 100 |
| Cost of Tech Book Sales | 0 | 402 |
| Total Expenses | <u>185,545</u> | <u>172,697</u> |
| Excess of Support and Revenue Under Expenses | (28,279) | (13,575) |
| Fund Balances, Beginning of Year | <u>61,287</u> | <u>75,011</u> |
| Fund Balances, End of Year | <u>\$ 33,008</u> | <u>\$ 61,297</u> |

The accompanying notes are an integral part of this statements.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 1995 and June 30, 1994

| | 1995 | 1994 |
|--|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Members and Others | \$ 140,598 | \$ 160,879 |
| Cash Received from Sales | 1,078 | 4,173 |
| Interest Received | 2,119 | 21,377 |
| Cash Payments for Goods and Services | (180,807) | (156,007) |
| Interest Payments | (1,436) | 0 |
| Net Cash Provided (Used) by Operating Activities | <u>(20,452)</u> | <u>3,422</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Vehicle | (20,504) | 0 |
| Purchase of Office Equipment | (14,033) | 0 |
| Sale of Car | 7,000 | 0 |
| Net Cash Used by Investing Activities | <u>(27,537)</u> | <u>(16,700)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| New Borrowings | 18,504 | 11,738 |
| Principal Payments on Notes Payable | (7,848) | (8,277) |
| Net Cash Provided by Financing Activities | <u>10,656</u> | <u>3,461</u> |
| Net Decrease in Cash | <u>(51,131)</u> | <u>(9,409)</u> |
| Cash at Beginning of Year | <u>110,174</u> | <u>119,582</u> |
| Cash at End of Year | \$ <u>59,043</u> | \$ <u>110,174</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES: | | |
| Excess of Support and Revenue Under Expenses | \$ (20,379) | \$ (10,500) |
| Adjustments to Reconcile Support and Revenue Under Expenses to Net Cash Provided (Used) by Operating Activities - | | |
| Depreciation | 11,568 | 2,117 |
| Gain on Sale of Asset | (3,819) | 0 |
| Increase in Interest Receivable | (1,489) | 0 |
| Decrease in Inventory | 0 | 738 |
| Increase in Prepaid Expenses | (2,509) | (220) |
| Increase (Decrease) in Accounts Payable | (7,768) | 4,915 |
| Increase (Decrease) in Accrued Interest | (2) | (3) |
| Increase in Deferred Revenue | 808 | 4,041 |
| Increase in Due to Related Party | 170 | 0 |
| Total Adjustments | <u>(2,171)</u> | <u>(91,911)</u> |
| Net Cash Provided (Used) by Operating Activities | \$ <u>(20,452)</u> | \$ <u>3,422</u> |

The accompanying notes are an integral part of this statement.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1995

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Louisiana Tech University Alumni Association, Inc. (Association) is a Louisiana nonprofit corporation chartered on January 10, 1955. This corporation is organized, and it shall be organized exclusively for the following purposes: (a) advancement and strengthening of the ties of alums and alumses of the Alumni to Louisiana Tech University and to each other; (b) to encourage attendance at Louisiana Tech University and to further interest in, and improvements of, that institution; (c) to maintain and administer scholarships, and the necessary loan funds, fellowships, faculty, grants and other emoluments to aid, facilitate, and enhance the educational and cultural prestige of the institution, its staff, faculty, and student body; (d) to promote the educational and cultural welfare of the institution and to develop, expand and improve the facilities thereof; and (e) to solicit and accept grants and bequests, funds and property for the purpose of carrying out these purposes and to generally receive and expend funds for these purposes. The Association is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code.

BASIS OF REVENUE RECOGNITION

The association recognizes membership dues income when received on a pro-rata basis over the related membership year. All other support and revenue is recognized when received in cash. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

DEFERRED REVENUE

Deferred revenue results from membership dues received in the current period that are pro-rated for membership extending into the next period. The membership period is for one year beginning from the month dues are received.

CONTRIBUTED SERVICES

Louisiana Tech University provides personnel to perform planning, supervision, and administration services to the Association. Volunteers provide assistance to the Association in many of its activities and fund raising events during the year. The Association does not reflect the values of these donated services in revenues, nor does it include in its financial statements an amount of expense equal to the cost of these services if they would have had to have been purchased.

EQUIPMENT AND DEPRECIATION

Equipment is stated at cost. Depreciation is computed using the straight-line method over its estimated useful life of the asset, which is three to five years.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 1995

NOTE 2 – CASH

Cash consists of interest bearing demand deposits and time deposits. Deposits are carried at cost which approximates market value. At June 30, 1995 and June 30, 1994, the carrying amount of deposits was \$59,040 and \$110,174, respectively, and the bank balance was \$71,700 and \$911,968, respectively. The entire June 30, 1995, bank balance was covered by federal depository insurance. Of the June 30, 1995, bank balance, \$100,000 was covered by federal depository insurance and the remaining \$14,268 was uncollateralized.

NOTE 3 – EQUIPMENT

At June 30, 1995 and June 30, 1994, the costs and related accumulated depreciation of equipment all consisted of the following:

| | 1995 | 1994 |
|-------------------------------|-----------|-----------|
| Equipment | \$ 23,275 | \$ 30,854 |
| Less Accumulated Depreciation | (14,932) | (23,863) |
| Net | \$ 8,343 | \$ 6,991 |

NOTE 4 – DONATED USE OF FACILITIES AND SERVICES

Louisiana Tech University provides housing, office equipment, and services for the operation of the Association free of charge to the Association in exchange for the benefits received from the Association. The Association does not reflect the values of these donated facilities and services in its financial statements inasmuch as no objective basis is available to measure the value of the service.

NOTE 5 – DEFERRED REVENUE

The activity in the deferred revenue account is reported as follows:

| | 1995 | 1994 |
|-------------------------------------|-----------|-----------|
| Deferred Revenue, Beginning of Year | \$ 41,547 | \$ 30,858 |
| Membership Dues Received | 112,945 | 130,958 |
| Membership Dues Expired | (111,910) | (122,004) |
| Deferred Revenue, End of Year | \$ 42,582 | \$ 41,547 |

NOTE 6 – DUE TO RELATED PARTY

The Association received a refund of \$170 on an insurance premium that was actually paid by the Louisiana Tech Foundation, a related party. The \$170 is expected to be repaid to the Foundation.

LOUISIANA TECH UNIVERSITY ALUMNI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 1998

NOTE 7 - LONG-TERM DEBT

The Association's obligation at June 30, 1998 and 1995, under long-term debt consisted of the following:

| | 1998 | 1995 |
|---|-----------|------------|
| Suburban note payable due in monthly installments of \$945 through January, 1996, at an interest rate of 11.00% to Bank One. | \$ 0 | \$ 2,800 |
| Skylark note payable due in monthly installments of \$300 through December, 1995, at an interest rate of 7.50% to Central Bank. | 9,541 | 12,900 |
| Van note payable due in monthly installments of \$404 through January, 2000, at an interest rate of 7.75% to Central Bank. | 15,048 | 0 |
| Total Long-Term Debt | 24,589 | 2,800 |
| Less current maturities included in current liabilities | (7,337) | (8,145) |
| Total Long-Term Debt, net of current maturities | \$ 17,252 | \$ (5,345) |

Maturities of long-term debt are as follows:

| YEAR ENDING | AMOUNT |
|---------------|----------|
| June 30, 1997 | \$ 7,337 |
| June 30, 1998 | 7,939 |
| June 30, 1999 | 5,545 |
| June 30, 2000 | 2,688 |

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support and revenues, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.